



Tax Update – January 13, 2021



Professional services include:

- Tax Compliance
- Audit & Assurance
- Litigation Support
- Estate & Gift
- Succession Planning
- Valuation
- IRS Representation
- Family Foundations
- Bookkeeping & Accounting

Our mission is to provide our clients with exceptional services by taking initiative to be proactive advisors. We pride ourselves in developing tailored strategies to meet the specific needs of our clients.

We have a diverse commercial and individual accounting, auditing, tax and business consulting practice.

Our partners and staff are available to meet the needs of our clients and offer to meet with owners and management periodically throughout the year to discuss plans and to consult on a broad range of financial and business topics.



Tax Relief Provided to Individuals

Additional COVID-19 Recovery Rebates

The Consolidated Appropriations Act, 2021 provides for additional COVID-19 recovery rebates in the amount of \$600 per eligible individual and \$600 per qualifying dependent. Like the first round of economic impact payments from the CARES Act, these payments are subject to an income limitation based on adjusted gross income of \$75,000 for single taxpayers (\$150,000 for married filing jointly). Many taxpayers are already receiving these payments.

Extended Tax Provisions

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended several tax provisions that were set to expire at the end of 2020.

- The repayment period of the deferred employee Social Security taxes under President Trump's executive order has been extended from April 30, 2021 to December 31, 2021.
- The 7.5% of AGI floor for medical expense deductions has been made permanent.
- The energy credit for nonbusiness energy property has been extended through 2021. Lifetime limitations still apply.
- The temporary waiver of the 60% AGI limitation on cash donations to qualifying organizations has been extended through 2021. Taxpayers can deduct cash donations up to 100% of their AGI for tax years 2020 and 2021. Limitations apply.
- The \$300 above-the-line cash charitable deduction for non-itemizing individual taxpayers (\$600 for married filing jointly) has been extended through 2021.

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Executive and Family Office Accounting Services

For some businesses and family groups, a fulltime financial accounting specialist may not be practical. We provide a solution: services at your residence or corporate location tailored to meet your needs.

- **Bookkeeping** - from after-the-fact reconciliation of bank statements and recording of transactions to drafting and executing checks, tracking accounts receivable/payable, receiving payments and making deposits for our clients
- **Tax & Payroll Services** - state sales tax reporting, household and corporate payroll services including employee check, monthly reporting, and annual W-2, 1099s, 940 & 941 as well as worker compensation deposits
- **Other Services** - Property management assistance



Tax Relief Provided to Small Businesses

Paycheck Protection Program (PPP)

The Consolidated Appropriations Act, 2021 contains several updates to the Paycheck Protection Program.

A second round of PPP funds are available to businesses who meet the necessity requirements, have under 300 employees, and have 25% less income in any calendar quarter of 2020 compared to the same calendar quarter of 2019. The SBA plans to release application forms the second week of January 2021 and begin accepting applications the third week of January. Applications for additional PPP funding must be submitted by March 31, 2021.

Business expenses paid with the proceeds of a forgiven PPP loan are deductible business expenses, and the forgiveness amount is excluded from gross income.

Amounts received for EIDL grants no longer reduce PPP loan forgiveness amounts.

Additional eligible expenses for forgiveness include operation expenditures to convert to a virtual business model, property damage costs not reimbursed by insurance, and protective equipment costs for employees.

Deductibility of Business Meals

Business meals provided by restaurants, including takeout and delivery meals, are 100% deductible for calendar years 2021 and 2022. Although the previous 50% limitation has been temporarily lifted, all other existing requirements still apply.

This update is being provided based on the information and resources available as of January 13, 2021. This information should be used as a starting point and should be confirmed with your advisors before implementing planning.